

Section 45 - Hospital Draft Rate Reform for Distinct Psych and SUD Units

January 12, 2023



Agenda

- Introductions
- Rate Determination Process Overview
- Draft Methodology Adjustments & Rate Proposal Overview
- Next steps

Scope of Rate Determination Work

- Update reimbursement for distinct psych units and distinct SUD units from discharge rates listed in Section 45 (\$6,438.72 for all stays at all psych units, except for three units that have unique rates; \$4,898.00 at all SUD units).
- Eliminate inequitable provider-specific rates for distinct psych units

Rate Determination Process

PL 2021 Ch. 639, which took effect in August 2022, establishes process for rate determination,

Distinct Psych/ SUD Unit Rate Determination:

- 12/19/22: Provider Kick off/ review of draft methodology
- 12/23/22: Hospital submission of initial comments re draft methodology, definitions and identification of distinct units, assessment of MaineCare revenue for distinct units as compared to OMS data.
- 1/12/23 (today): Presentation of draft base rate and draft rate methodology adjustments.
- 1/27/23: 2nd round of comments due
- Feb 2023: Department review of comments, finalization of rate amounts
- 4/1/23: target effective date

Approach to review of rates and methodology

MH & SUD Inpatient Stay Utilization & Hospital Costs

Key Metrics on MH and SUD Inpatient Stays* Among the MaineCare Population

	CY2019	CY2021	Change
Total Discharges			
Mental Health	1,721	1,661	-3.5%
SUD	897	1,248	39.1%
Total Days			
Mental Health	13,871	17,266	24.5%
SUD	5,312	7,573	42.6%
Avg Length of Stay			
Mental Health	8.1	10.4	29.0%
SUD	5.9	6.1	2.5%
Cost Per Discharge			
Mental Health	\$9,464	\$13,393	41.5%
SUD	\$8,831	\$9,417	6.6%
Cost Per Day			
Mental Health	\$1,174	\$1,288	9.7%
SUD	\$1,491	\$1,552	4.1%

*may include non distinct psych/SUD unit inpatient stays

Policy Treatment of SUD vs Psychiatric Distinct Units

- Definition: language clean up, objective is to reflect current practice
- Application of reimbursement methodology (**Updated Plan**): Eliminate separate, distinct SUD unit rate methodology.

Draft Methodology Proposal

■ **ALIGN WITH MEDICARE'S GENERAL PAYMENT METHODOLOGY**

- CMS pays for Medicare Mental Health and Substance Use Disorder (MH-SUD) cases in a hospital setting on a prospective basis using the following formula:
 - 1) Per Diem Rate * 2) DRG Relative Weight * 3) Length of Stay Factor
- This formula is used for free-standing psychiatric facilities and Distinct Part Units for psychiatric care in acute care hospitals.

■ 1) PER DIEM PORTION OF THE RATE FORMULA

- **Proposal from OMS**

- **Update:** Calculate per diem to be inclusive of 80% of all aggregate operating and capital costs
- Do NOT apply Medicare local wage adjuster
- Do NOT apply Medicare age and comorbidity adjusters at patient level
- **Update:** Calculation of different per diem base rates by the following factors, with the goal of best reflecting current variation in costs:
 - Different per diem base rate between Mental Health and SUD services (which is further adjusted for acuity through the DRG assignment)
 - Different per diem base rate between Mental Health cases for youth and for adults

Per Diem Base Rates

MODEL PER DIEM RATES	
MH Adult Per Diem	\$826.00
MH Child Per Diem	\$620.50
SUD Per Diem	\$1,175.00 Adult & Child

■ 2) DIAGNOSIS RELATED GROUP (DRG) RELATIVE WEIGHTS PORTION OF THE RATE FORMULA

- With one exception, Medicare's relative weight values are higher than OMS's* for these DRGs

DRG	DRG Description	Current OMS Relative Weight	Medicare FFY2023 Relative Weight
876	O.R. PROCEDURE W PRINCIPAL DIAGNOSES OF MENTAL ILLNESS	2.394	3.196
880	ACUTE ADJUSTMENT REACTION & PSYCHOSOCIAL DYSFUNCTION	0.690	0.906
881	DEPRESSIVE NEUROSES	0.594	0.856
882	NEUROSES EXCEPT DEPRESSIVE	0.530	0.874
883	DISORDERS OF PERSONALITY & IMPULSE CONTROL	0.801	1.615
884	ORGANIC DISTURBANCES & MENTAL RETARDATION	1.118	1.570
885	PSYCHOSES	0.951	1.296
886	BEHAVIORAL & DEVELOPMENTAL DISORDERS	1.537	1.365
887	OTHER MENTAL DISORDER DIAGNOSES	0.863	1.297
894	ALCOHOL/DRUG ABUSE OR DEPENDENCE, LEFT AMA	0.340	0.572
895	ALCOHOL/DRUG ABUSE OR DEPENDENCE W REHABILITATION THERAPY	0.863	1.559
896	ALCOHOL/DRUG ABUSE OR DEPENDENCE W/O REHABILITATION THERAPY W MCC	1.028	1.756
897	ALCOHOL/DRUG ABUSE OR DEPENDENCE W/O REHABILITATION THERAPY W/O MCC	0.484	0.851

• Proposal from OMS

- For these services, use the same MH-SUD DRGs as in Medicare's MS-DRG grouper, and adopt Medicare's relative weights for payment purposes.

*Distinct psych/SUD units do not currently use these weights, and are only being shown here as a reference point

■ 3) LENGTH OF STAY FACTOR PORTION OF THE RATE FORMULA

- **Medicare's Length of Stay Factors**

- Start 1.31 for Day 1; move down to 0.92 starting Day 22
- Cumulative in nature
- Examples of use of length of stay factor shown below.

- **Proposal from OMS**

- Adopt Medicare's length of stay factors and approach as is

Days in Hospital	Day Factor	Cumulative Factor
1	1.31	1.31
2	1.12	2.43
3	1.08	3.51
4	1.05	4.56
5	1.04	5.60
6	1.02	6.62
7	1.01	7.63
8	1.01	8.64
9	1.00	9.64
10	1.00	10.64
11	0.99	11.63
12	0.99	12.62
13	0.99	13.61
14	0.99	14.60
15	0.98	15.58
16	0.97	16.55
17	0.97	17.52
18	0.96	18.48
19	0.95	19.43
20	0.95	20.38
21	0.95	21.33
22	0.92	22.25
23	0.92	23.17
24	0.92	24.09
25	0.92	25.01

Approach for Annual Updates

- Identify appropriate inflationary index for annual adjustment
- Update the per diems annually using the index
- Stay current with Medicare DRG weights and other LOS adjuster
- Rebase the per diem every five years

Next Steps

- Department to conduct further analysis regarding utilization projections to see if these may impact target percentage of cost coverage.
- 1/27/23: 2nd round of comments due.
 - Department welcomes additional input regarding comparison of MaineCare reported distinct unit claims payments and hospital records of reimbursement related to distinct units
- Feb 2023: Department review of comments, finalization of rate amounts
- 4/1/23: target effective date
- Department to review current definitions for potential updates; changes should not impact providers who currently meet definitions.

Please send written comments for both meetings to Jessica Levesque
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